

Message Text

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ACTION STR-07

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
OIC-02 /168 W

-----039026 241903Z /41

P 241751Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 2469
INFO AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 11376

USMTN

ACTION STR

STR PASS CODEL, PASS HUDSON

EO 11652: N/A
TAGS: MTN, ETRD, MX
SUBJECT: US/MEXICAN MTN BILATERALS

1. SUMMARY: FOUR SEPARATE BILATERALS (JULY 7,17,20,24)
WITH MEXICO (GARRIDO, TELLO ET. AL.) SPANNING 18 HOURS
HAVE RESULTED IN VAGUE PICTURE OF MEXICAN OFFER OF CONTRI-
BUTIONS TO MTN WHICH FALLS FAR SHORT OF US MTN EXPECTA-
TIONS. COUPLED WITH HARD LINE NEGOTIATING STANCES IN NTM,
SAFEGUARD AND FRAMEWORK NEGOTIATIONS AND CONTINUED "FENCE
SITTING" BY MEXICO ON GATT ACCESSION, IT IS DIFFICULT TO
SEE BASIS OF MTN SETTLEMENT WITH MEXICD. RESULT OF MEXICAN
INTERAGENCY REVIEW OF MTN ISSUES APPEARS TO HAVE RESULTED
IN HARDENING OF MEXICAN POSITIONS AND A REDUCTION IN
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MEXICAN EXPECTATIONS. ONE MORE MEETING SCHEDULED WITH
GARRIDO BEFORE MEXICAN DEL RETURNS TO MEXICO CITY. END
SUMMARY.

2. US MTN DEL (GRAEF ET AL) MET WITH MEXICAN MTN DEL
(GARRIDO ET. AL.) IN FOUR BILATERAL SESSIONS IN AN ATTEMPT
TO SOLICIT DETAILED MEXICAN OFFER TO THE MTN. SESSIONS

COVERED FULL DISCUSSION OF US AND MEXICAN PRODUCT SPECIFIC AND NTM REQUESTS IN THE MTN. MEXICAN DEL HAS PROVIDED MTN DEL WITH WRITTEN PRELIMINARY OFFER WHICH IDENTIFIES PRODUCTS MEXICO IS WILLING TO NEGOTIATE BUT DESCRIBES ONLY THEIR CURRENT TARIFF AND NON-TARIFF TREATMENT (COPY HAND CARRIED TO WASHINGTON BY HUDSON, USDA). IN ADDITION MEXICO HAS PROVIDED ORAL IDENTIFICATION OF A NUMBER OF POSSIBLY NEGOTIABLE PRODUCTS (SEE PARA 4 BELOW).

3. WRITTEN MEXICAN IDENTIFICATION OF NEGOTIABLE PRODUCTS INCLUDES THE FOLLOWING FROM US REQUEST LISTS: TARIFF BINDING NEGOTIABLE; 07.05A003, 08.12A002, 11.07A001, 15.10A013, 29.39A001, 39.02C013, 73.32A001, 83.01A001, 84.23A006, 84.45A045, 84.45A046, 84.45A047, 84.59A003, 84.59A005, 85.01A013: BINDING OF AUTOMATIC LICENSING NEGOTIABLE: 15.11A001, 15.11A002, 16.02A001, 19.02A999, 22.03A001, 29.40A004, 29.40A007, 29.40A012, 37.01A001, 37.02A999, 39.01A014, 39.03C005, 39.05A002, 48.11A001, 73.32A001, 84.21A001, 84.22A004, 84.45A006, 84.56A004, 85.05A006, 85.21A015, 85.24A005, 90.26A005 THIS WRITTEN LIST ALSO INCLUDES 76 AGRICULTURAL PRODUCTS NOT REQUESTED BY THE UNITED STATES. TOTAL 1976 TRADE COVERAGE OF THE LIST ACCORDING TO MEXICAN DEL IS \$36.2 MILLION.

4. ORAL "POSSIBLY NEGOTIABLE" PRODUCTS IDENTIFIED (ALL AG PRODUCTS IDENTIFIED UNDER INSTRUCTION OF MEXICAN AG. DEPT): TARIFF BINDING; 01.01A005, 01.02A001, 01.02A002, 01.03A001, LIMITED OFFICIAL USE

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01.04A001, 01.04A002, 01.05A001, 01.05A999 EX TURKEY POULTS, 05.15A001, 16.01A003, 16.02A999, 29.40A002, 40.13A003, 83.02A003, 83.02A004, 83.02A006, 84.02A001, 84.10A013, 84.17A008, 84.19A019, 84.52A006, 85.05A002, 85.05A003; LICENSING BINDING; 29.40A002, 35.02A001, 35.02A002, 39.01B018, 40.02B004. ADDITIONALLY DEPT OF AG OFFICIALS PRESENT IDENTIFIED 7/17 THE FOLLOWING POSSIBILITIES WHICH THEY INDICATED WERE STILL UNDER STUDY IN MEXICO AS OF 7/24: EX 08.07A999 (PLUMS, APRICOTS), EX 08.04A001 (RAISINS), 08.05A001-002, 08.06A002, EX 20.06A999 (CANNED PEARS AND PEACHS), EX 20.07A999 (APRICOT NECTAR), AND EX 21.07A999 (CANNED/FROZEN CORN). THEY ALSO SOUGHT CLARIFICATION OF US ORAL REQUEST (BY HUDSON USDA), ON CORN SORGHUM, AND SOY FOR FEED USE.

5. MEXICAN AG REQUESTS WERE DISCUSSED ON A LINE ITEM BASIS BY HUDSON, AND SINDELAR OF USDA. MEXICAN DEL REPEATEDLY SOUGHT CONFIRMATION, WHICH MTN DEL UNAUTHORIZED TO GIVE OF LIST "A" SPECIFICATIONS BY STARKEY PRESENTED IN MEXICO CITY, AND IS STILL PRESSING FOR A WRITTEN US AG RESPONSE TO THEIR REQUESTS. MTN DEL RESPONDED BY POINTING TO AG TRADE COVERAGE ALREADY CONTAINED IN US OFFER (OFFERS ON CATTLE AND

BEEF MADE TO CANADA AND AUSTRALIA) MEXICAN DEL ON 7/24
CLARIFIED THEIR SEASONAL INTERESTS AS FOLLOWS: 15 NOV -
31 MAY (TOMATOES, CHILI); 1 NOV - 30 APRIL (EGGPLANT,
CUCUMBER, PEAS, SQUASH); 1 NOV - 30 JUNE (CANTELOPES) AND
1 JAN - 30 MARCH (WATERMELONS).
6. MTN DEL (GRAEF) SUMMARIZED AG DISCUSSION BY CONTRASTING
TRADE COVERAGE OF SPECIFICITY OF US OFFER WITH RELATIVELY
LOW (22 MILLION) TRADE COVERAGE OF VAGUE MEXICAN OFFER.
WE OBSERVED THAT IMPORTANT NEW POSSIBILITY (DAIRY COWS)
HAD BEEN IDENTIFIED WHICH COULD CLOSE NEGOTIATING GAP IN
LIVESTOCK SECTOR, BUT THAT IF MEXICO EXPECTED OFFERS ON
FRUITS AND VEGETABLES THEY NEEDED TO IDENTIFY OFFERS IN
THIS SECTOR OF THEIR OWN. IN ADDITION MEXICAN OFFER ON
LIVESTOCK DID NOT INCLUDE LICENSING WHICH MADE VALUE OF
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ACTION STR-07

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
ISO-00 STRE-00 OIC-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
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FM USMISSION GENEVA
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INFO AMEMBASSY MEXICO

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USMTN
ACTION STR
STR PASS CODEL, PASS HUDSON

TARIFF BINDING PROBLEMATIC. MEXICAN DEL RETORTED THAT

THEY KNOW LESS AFTER COMING TO GENEVA THAN THEY DID IN MEXICO CITY, AND THEIR EFFORT TO IDENTIFY FURTHER CONCESSIONS IN AGRICULTURE WOULD BE THWARTED BY THIS FACT.

7. COMMENT: GROUP AGRICULTURE PROCEDURES, PROCEDURES WHICH US AGREED TO REQUIRE SOME RESPONSE TO MEXICAN REQUESTS EVEN IF THE RESPONSE IS NO OFFER. MTN DEL CAN NOT MAKE ADDITIONAL PROGRESS RELYING SOLELY ON JAN. 23 OFFERS TO CANADA AND AUSTRALIA. A MAXIMUM BUT CONDITIONED OFFER BY EITHER SIDE IS THE ONLY STEP THAT WILL BREAK LOG JAM. IF WE WISH TO PURSUE OUR PRIORITY AG OBJECTIVES WE WILL HAVE TO FURTHER SPECIFY OUR REQUESTS ON FEED GRAINS (WHICH BECAUSE OF LARGE TRADE COVERAGE WILL JEOPARDIZE THE BALANCE OF OUR AG AGENDA) OR TABLE AN OFFER COMMENSURATE TO THE CURRENT MEXICAN OFFER AND OUR OTHER AG OBJECTIVES.
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END COMMENT.

8. MEXICAN DEL WAS NOT PREPARED TO DISCUSS US INDUSTRIAL REQUESTS ON LINE ITEM BASIS, BUT IN RECOGNITION OF THEIR LIMITED RESPONSE DELETED ALL PREVIOUS REQUESTS WHICH INCLUDED SECTION 806.30, OR 807.00 TRADE. MTN DEL AFTER MAKING STANDARD PDINTS ON 806/807 TRADE FROM AMB. WOLFF'S BRIEFING MATERIAL REQUESTED WRITTEN CONFIRMATION ON THE FOLLOWING REQUESTS WHICH WERE WITHDRAWN: TSUS 206.30, 256.85, 256.90, 376.2445, 376.2845, 378.60, 380.04, 380.84, 653.02, 662.35, 674.56, 682.05, 685.20, 685.80, 685.90, 686.10, 686.90, 687.60, 688.12, 688.15, 688.40, 692.27, 700.29, 700.85, 703.75, 705.35, 711.37, 712.47, 713.15, 713.19, 716.14, 724.45, 726.70, AND 734.20.

9. IN RESPONSE TO MEXICAN REQUEST FOR PRELIMINARY ASSESSMENT OF MEXICAN OFFER GRAEF INDICATED STRONG DISAPPOINTMENT. HE POINTED TO FACT THAT TRADE COVERAGE OF MEXICAN OFFER WAS ONLY SLIGHTLY HIGHER THAN MEXICAN TRADE COVERAGE IN US/MEXICO AGREEMENT. TRADE COVERAGE WAS ALSO OVERSTATED CONSIDERING QUALITY OF MEXICAN OFFER AND POINTED TO ALL ITEMS ON WHICH TARIFF BINDING OFFERED BUT POSSIBLE DISCRIMINATORY LICENSING LEFT IN PLACE, OR ITEMS ON WHICH LICENSING ELIMINATED BUT TARIFFS HAD BEEN INCREASED TO 40 PERCENT OR MORE (SOME AS HIGH AS 100 PERCENT). USING SUCH QUALITY MEASURES TOTAL TRADE COVERAGE OF ALL TARIFF LINES (WRITTEN OR ORAL) IS BETWEEN \$15-20 DOLLARS.

10. WITH RESPECT TO GATT ACCESSION MEXICO IS STILL STRADDLING THE FENCE. IN RESPONSE TO DIRECT QUESTION GARRIDO WOULD ONLY INDICATE MEXICAN INTENTION TO BIND CONCESSIONS IN THE GATT, OR BILATERALLY.

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11. COMMENT: MTN DEL DOS NOT BELIEVE IT CAN MAKE FURTHER
PROGRESS IN GENEVA WITHOUT A RESPONSE TO MEXICO'S
AGRICULTURAL FFER, AND EVEN THEN IS LESS THAN SANGUINE
ABOUT ACHIEVING MUCH PROGRESS. ADDITIONALLY MEXICO'S
POSITION IN INFORMAL AND SUBGROUP SESSIONS ON CUSTOMS
VALUATION, LICENSING, SUBSIDIES/COUNTERVAIL, AND FRAMEWORK
HAVE ESTABLISHED IT AS THE LDC HARDLINER. END COMMENT.

12. DRAFTED BY GRAEF. MCDONALD

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Message Attributes

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Disposition Action: RELEASED
Disposition Approved on Date:
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Status: NATIVE
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TAGS: ETRD, MX, US, MTN
To: STATE
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